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CENTRAL INTELLIGENCE AGENCY

OFFICE OF NATIONAL ESTIMATES

Date 4 February 1955

Production Report

NIE 100-55, "Controls on Trade with Communist China," dated

11 January 1955, (Secret). [Formerly NIE 100-5-54]

(Number, title, publication date, and classification of Estimate)

The purpose of this report is to record, immediately upon the completion of an estimate, the experience of ONE in producing it. This information will be used as a basis for reports to the IAC on intelligence deficiencies noted in the production of the estimate and for the correction of failures in administration or coordination. Please prepare the report in duplicate and forward the original to the Chief of the Estimates Staff.

NOTE: The classification of this report should be raised to TOP SECRET when required.

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I. Origin of the Estimate☐ Estimates Program☐ NSC☐ DCI☒ STATE

(Provide pertinent references to memoranda, letters, conversations, etc.)

Memorandum to DCI from Mr. Armstrong dated 9 November 1954. Memo refers to prospective review of policy by NSC. In fact FOA had hand in taking initiative. There was also strong OCB interest. For additional requirement covering Japan, see memo to DCI from Executive Secretary NSC, dated 16 December 1954, conveying request by President for estimate on prospects for Sino-Japanese trade (treated as Appendix to this estimate).

II. History (The record of the chronological development of each estimate is kept in the office of the Chief of the Estimates Staff and need not be repeated here. Note only matters of special interest which will help explain any departures from the normal development of the estimate. Record any delays or bottlenecks encountered and the reasons therefore.)

1. Formally initiated by IAC per IAC-M-174, Paragraph 10.
2.
3. Special ORR memo was prepared in support of ORR position on effects of denial of all non-Bloc shipping and shipping services (undated), title: "CIA Comments on Proposed Paragraph 47 of NIE 100-55."
4. Re Sino-Japanese trade see DD/I memo to AD/NE dated 21 December 1954; title: "Inclusion of Material on Sino-Japanese Trade in NIE 100-5-54."
5. See also Special Critique of final draft by the Economic Defense Division of ORR (10 January 1955) prepared at request of Mr. Borel.
6. See Mr. Kent's Memorandum for the Record dated 23 December re Captain Metcalf's conduct at first meeting of the IAC representatives.
7. See letter of DI/USAF to Mr. Kent (12 January) re approach to analysis of "adverse effects."

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III. Contributions (List the agencies and CIA components which contributed to the paper and note the extent, general quality, and punctuality of their contributions.)

State (OIR):	8 December	Excellent, complete coverage, well balanced. 31 pp.
Army (G-2):	8 December	Short, well balanced, limited to three points. 2 pp.
Navy (ONI):	6 December	Good arguments, but supporting view controls quite damaging to China. 21 pp.
AF (AFOIN):	None	
ORR (Analysis Division):	Prelim: 8 December Final: 14 December	Excellent if a bit discursive. Left overall impression, probably unwarranted, that controls have had little appreciable effect. 44 pp.

IAC representatives: State: H. Jacobsen, Ed. Jones; G-2: Col. Huseman; ONI: Cdr. Thorburn; AF: Mr. Leavitt; JIG: Capt. Metcalf, Cdr. Hirshfeld, Mr. Easton.

IV. Participants (List names of other persons within CIA and consultants who participated actively in this project.)

☐ None ORR, and to a more limited extent, Mr. ORR. In addition various ORR staff personnel were brought in on specific aspects during the coordination process. Dr. Edgar Hoover, Consultant, reviewed the Board draft and commented thereon. Mr. Spencer Beresford, FOA, attended one session with the IAC representatives to comment on the Introductory Note and the extent to which paper was responsive to FOA requirement.

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V. Substantive Problems (Note the major substantive problems encountered in clearing this estimate within ONE and with the IAC.)

1. General difficulty in determining specific effects of controls.
2. Difficulty in getting agreement even on general or overall effects of controls.
3. Inability to arrive at useful criteria for guidance to policy makers as to what commodities or groups of commodities affect significantly the development of various sectors of the Chinese economy.
4. Inability to resolve problems dealt with in EIC-R1-S3 covering [redacted] capacity of and volume of trade carried on the Transsiberian Railroad; volume of trade carried in non-Bloc ocean going shipping in the China trade; and role of non-Bloc shipping in the coastal trade of China.

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VI. Intelligence Deficiencies (Describe the gaps in intelligence encountered in the preparation of this estimate and indicate, to the extent possible, the reasons therefore -- inadequate collection efforts, faulty analysis or research, lack of cooperation, etc. Note any remedial steps that were taken while the estimate was in preparation and make suggestions for additional action to be taken to remedy these deficiencies in the future.)

See V above. Also, gaps are adequately identified by virtue of the various footnotes taken throughout the estimate.

See memorandum of AD/RR to DD/I dated 13 January 1955 (Revision) covering matter of availability to the Joint Staff of certain supporting studies.

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VI. Intelligence Deficiencies (Contd)

Apart from substantive deficiencies, there is the basic question of whether this type estimate should be produced by the NIE machinery. In many respects it is a specialized matter. However, in view of the fact that trade control policy is of concern to NSC, that NIE's generally carry more weight in and out of the intelligence community than do other coordinated studies, and that the scope of the resulting estimate was broader than it would have been if produced in another way, my conclusion is that the problem was properly assigned to O/NE.

VII. Post-Mortem Recommendations. Do you recommend that an immediate post-mortem be undertaken on this estimate?☐ Yes☒ No

Comment: Most critical gaps will be dealt with as part of the revision of NIE 13-54, "Communist China's Power Potential through 1957."

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VIII. Other Recommendations

Based on your experience with this estimate, what recommendations do you have for improving the handling of this subject in the future, apart from the items noted in VI above?

(If this is a recurring subject, is the timing proper? Were the terms of reference adequate and issued in sufficient time to allow for collection, research, and careful preparation of contributions? Were there any administrative failures or weaknesses in coordination that can be corrected?)

There were in fact no difficulties which would not be cured by (1) the elimination by JIG of a policy approach to intelligence problems in favor of an objective analysis, and (2) greater agreement in the economic intelligence community on subsidiary estimates covering China's internal transportation; Sino-Soviet transportation; and Chinese overseas and coastal transportation.

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[Redacted Signature Box]

Paul Borel
Board Member

4 February 1955
Date

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Others who have reviewed this report ~~or contributed to it:~~

[Redacted] (O/NE staff drafter)
[Redacted] (ORR representative)
[Redacted] (O/NE staff coordinator)
Abbot Smith (principal O/NE Board support)

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IAC Reps. Interim Draft

*IAC REPRESENTATIVES
INTERIM DRAFT*